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Report of the Board of Auditors

for the year ended 31 December 2005

Volume V
Capital master plan

General Assembly
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Sixty-first Session
Supplement No. 5 (A/61/5 (Vol. V))

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Summary

The Board of Auditors has reviewed the financial and programme management operations of the United Nations capital master plan project for the period from 1 January to 31 December 2005. The Board also audited statement IX and schedule 9.1 of the financial statements of the United Nations as they relate to the capital master plan project for 2005 and was satisfied as to the fairness of their presentation.

Implementation of previous recommendations

The Board reviewed the actions taken by the capital master plan to implement the two recommendations made by the Board in its report for the financial year ended 31 December 2004. Both recommendations were partially implemented, as shown in the annex to the present report.

Project implementation

The overall implementation of the capital master plan project was delayed owing to the unavailability of the swing space building (UNDC-5) envisioned in the original approach approved by the General Assembly to swing space and phasing, and because the option for project strategy, scope and associated budget and the funding plan for the implementation of the capital master plan were still to be considered by the General Assembly at the time of finalizing the present report.

The Board is concerned about the cost implications of the delay, although these could not yet be quantified.

Amendments to existing contracts on design development

Some of the amendments to existing contracts with the professional firms for the design development phase contained ambiguous clauses, such as the covenant clause which did not state the maximum amount that the United Nations was obligated to pay. Some of the amendments also did not conform to the United Nations Procurement Manual since the name of the contracting parties and the dates the amendments should take effect were not indicated. These deficiencies posed a risk of disputes arising from varying interpretations of the new provisions of the contracts.

Contract deliverables

Submission of deliverables under the design development phase by the professional firms was beyond the agreed schedules. For instance, the architectural and engineering designs for the General Assembly and Conference Buildings, and the basement, garage, North Lawn and United Nations Institute for Training and Research building were due for submission on 20 January 2006 but were actually submitted only on 28 February 2006 and 8 March 2006, respectively.

Minutes of meetings conducted with the capital master plan team, one of the deliverables of the programme management firm, were submitted beyond the

requirement of three business days for submission. Moreover, the originally agreed weekly meetings were reduced to bi-weekly meetings and some meetings were cancelled for no apparent reason, heightening the Board's concern that issues regarding the progress of work, compliance with schedules, architectural and engineering designs etc. might not be immediately addressed.

The main recommendations of the Board are highlighted in paragraph 9 of the present report.

[3 August 2006]

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Letter of transmittal

[28 July 2006]

I have the honour to transmit to you the report of the Board of Auditors on the capital master plan for the year ended 31 December 2005.

(*Signed*) Guillermo **Carague**
Chairman, Philippine Commission on Audit and
Chairman, United Nations Board of Auditors

The President of the General Assembly
New York

A. Introduction

1. The capital master plan was established in 2001 pursuant to General Assembly resolution 55/238 of 23 December 2000 and encompasses all expenditures relating to the major refurbishment of the United Nations Headquarters complex in New York.[1] It was initially financed through an appropriation from the United Nations regular budget. The General Assembly, in section II, paragraph 24, of its resolution 57/292 of 20 December 2002, established a special account for the capital master plan. Subsequently, appropriations were made to the special account from assessments on Member States. The financial position of the capital master plan is reported as part of statement IX, United Nations capital assets and construction in progress. Any unexpended balances of appropriations are carried forward into the succeeding bienniums until the project is completed.

2. The Board of Auditors has audited the financial transactions of the capital master plan and has reviewed its operations for the period from 1 January to 31 December 2005. The opinion of the Board on the financial statements of the United Nations for the biennium ending 31 December 2005 includes that on the capital master plan. The audit was conducted, as requested by the General Assembly in its resolution 57/292, to initiate oversight activities with respect to the development and implementation of the capital master plan and to report annually thereon to the Assembly. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and the International Standards on Auditing.

3. The audit was based on the following broad audit objectives, mentioned by the Board in paragraph 2 of its first progress report on the capital master plan (A/58/321):

(a) To examine the capital master plan financial statements, including an evaluation of project accounting, payment and reporting systems;

(b) To ascertain compliance with United Nations regulations and rules on procurement and contracting;

(c) To determine adherence to the terms of the contract, such as deliverables, time and material provisions;

(d) To review the controls, including internal audit, and processes established to properly manage the project.

4. The auditors assessed the progress made in the overall implementation of the capital master plan since the Board's previous audit,[2] and reviewed the provisions of nine contracts executed in 2005 and 17 amendments to the existing contracts.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and

[1] See para. 2 (d) of note 9 to the financial statements of the United Nations for the biennium ended 31 December 2005, in *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5* (A/61/5), vol. I, chap. V.

[2] See ibid., *Sixtieth Session, Supplement No. 5* (A/60/5), vol. V.

conclusions were discussed with the Administration, whose views have been appropriately reflected in the report.

6. The detailed findings and recommendations are reported in section B below.

1. Previous recommendations not fully implemented

Period ended 31 December 2004

7. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board reviewed the measures taken by the Administration to implement the two recommendations made in its report for the year ended 31 December 2004.[3] The review showed that both recommendations were under implementation.

Ageing of previous recommendations

8. As requested by the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8, and A/60/387, para. 12), the Board evaluated the ageing of its previous recommendation that had not yet been fully implemented. The one recommendation that had not yet fully been implemented relates to the financial period ending 31 December 2003, the period in which it was first made (see annex).

2. Main recommendations

9. **The Board recommends that the Administration:**

(a) **Strongly urge the General Assembly to consider and decide on the renovation strategy to be adopted and the financing scheme for the implementation of the capital master plan;**

(b) **Ensure that amendments to contracts are in line with items 15.1 (1) and 13.6.3 (3) p. ii of the United Nations Procurement Manual;**

(c) **In coordination with the programme management firm, strengthen the monitoring of submission of deliverables by the professional firms;**

(d) **Review the propriety of the decision by the United Nations to reduce the frequency of meetings with the programme management firm and assess the impact of the cancellation of some meetings.**

3. Background

10. The Board recalls that the original capital master plan was proposed by the Secretary-General in 2000 (see A/55/117) to remedy the deficiencies of the United Nations Headquarters complex in New York in a comprehensive, systematic and cost-efficient manner. It was to be a six-year plan with an estimated cost of $964 million, consisting of the baseline scope estimate of $902 million and an estimated cost for leasing swing space of $62 million, and based on an assumption that construction would commence on 1 January 2003.

11. The General Assembly, in section IV of its resolution 55/238, authorized the Secretary-General to proceed with the preparation of comprehensive design plan and detailed cost analysis for the capital master plan. By August 2002, the Secretary-

[3] Ibid.

General had provided detailed information on the outcome of the capital master plan study, including viable alternatives and approaches (see A/57/285 and Corr.1). Two possible approaches to implementing the major refurbishment work were mentioned. One approach, referred to as the first approach, was to vacate as much of the site as possible and perform the work as quickly as possible. The other, referred to as the second approach, was to perform the work in smaller increments and relocate staff and functions as needed so that refurbishment could be completed in a given number of floors at a time in each building.

12. A context diagram of the capital master plan was provided by the Secretary-General in 2002 (A/57/285 and Corr.1, annex I) with the following timetable:

Phase	*Duration*
Study phase	1998 to late 2000
Design phase	
Preliminary	Early 2001 to late 2002
Design development	Within 2003
Construction documentation	Starting late 2003 to 2004
Procurement and construction phase	Late 2004 to 2010

13. The Secretary-General recommended, and the General Assembly decided in its resolution 57/292 of 20 December 2002, to implement the capital master plan on the basis of the baseline scope under the first approach to phasing and swing space, with a projected construction budget of $1,049 million, a proposed construction start date of October 2004 and a construction duration of five years.

B. Detailed findings and recommendations

1. Financial overview

14. The General Assembly, in its resolution 55/238, initially appropriated an amount of $8 million from the programme budget for the biennium 2000-2001 for the preparation of a comprehensive design plan and cost analysis for the capital master plan. In its resolution 57/292, it decided to establish a special account for the capital master plan and appropriated $25.5 million to the account for the biennium 2002-2003, in accordance with the relevant resolutions on the scale of assessments applicable for the biennium 2002-2003, for the design and related project management and management of pre-construction services for the baseline scope and scope options. By the same resolution, the Assembly authorized the Secretary-General to enter into commitments of up to $26 million for the biennium 2004-2005 to provide for the remaining work, related project management and management of pre-construction services.

15. On 22 June 2005, the General Assembly, by resolution 59/295, decided to convert $17.802 million of the existing commitment authority into an appropriation with assessment for the year 2005 and to renew the existing commitment authority

for the balance of $8.198 million for 2006 so as to provide for the continuation of design work and related project management and management of pre-construction services for the baseline scope and scope options. By resolution 60/248 of 23 December 2005, the Assembly converted the $8.198 million into an appropriation with assessment for 2006 so as to provide continuation of design work and related project management of the pre-construction phase as a minimum amount that would be required during the first four months of 2006.

16. As at 31 December 2005, the cumulative expenditures for the capital master plan amounted to $32.533 million. This consisted of actual expenditures of $6.879 million in the biennium 2000-2001, $4.305 million in the biennium 2002-2003 and $21.350 million in the biennium 2004-2005. Expenditures for 2004 and 2005 amounted to $14.837 million and $6.513 million, respectively, a reduction of $8.324 million, or 56.1 per cent. This was due to the rescheduling of the initiation of the construction documents phase for most contracts from 2005 to 2006.

17. Detailed information on the budget performance of the capital master plan for the year ended 31 December 2005 is contained in table 1.

Table 1
Budget performance of the capital master plan for the year ended 31 December 2005 (with comparative figures in 2004)
(Thousands of United States dollars)

		Expenditure[b]			*Percentage of expenditure*		
Object of expenditure	*Allotment*[a]	*2004*[c]	*2005*	*Total*	*2004*	*2005*	*Unencumbered balance*
Staff and other personnel costs	4 681	2 181	1 938	4 119	14.70	29.76	562
Travel	16	2	2	4	0.01	0.03	12
Contractual services	17 066	12 074	4 096	16 170	81.38	62.89	896
Operating expenses	1 035	549	452	1 001	3.70	6.94	34
Acquisitions	55	31	25	56	0.21	0.38	(1)
Total	**22 853**	**14 837**	**6 513**	**21 350**	**100.00**	**100.00**	**1 503**

[a] Allotment for the biennium 2004-2005, grouped according to Integrated Management Information System reporting category by object and by class.
[b] Expenditure for 2004 and total expenditure for the biennium 2004-2005 are presented for computation of unencumbered balance as at year ended 31 December 2005.
[c] See *Official Records of the General Assembly, Sixtieth Session, Supplement No. 5* (A/60/5), vol. V.

18. As in the past, the bulk of the expenditures pertained to contractual services and staff and other personnel costs. On the one hand, contractual services represented 81.38 per cent of total expenditures in 2004 and 62.89 per cent in 2005, thereby registering a decrease of $7.978 million compared to the total incurred in 2004, which could be attributed to the delay in the implementation of the construction documents phase. On the other hand, staff and other personnel costs accounted for 14.7 per cent of the total expenditures in 2004 and 29.76 per cent in 2005, although the amount actually spent decreased by $0.243 million.

19. The expenditure of $6.513 million for 2005 is only 28.5 per cent of the allotment for the biennium 2004-2005 and 26 per cent of the $25.26 million projected by the Secretary-General in his report (A/59/441/Add.1, para. 16). The low level of expenditure could be attributed to the deferment of the previous plan to commence the construction documents phase for most contracts and to initiate the design development phase for the other remaining contracts in early 2006 in the light of both new developments and strategic options.

20. In his third annual progress report on the capital master plan (A/60/550 and Corr.1-2), the Secretary-General informed the General Assembly of new cost estimates for the design development and construction documents phases for 2006 (see table 2). The cost estimates were based on strategy IV for the implementation of the capital master plan, recommended by the Secretary-General for approval by the General Assembly.

Table 2
Expenditures for the period 2003-2006 for the design development and construction documents phases
(Thousands of United States dollars)

	2003[a]	*2004*[a]	*2005*[b]	*2006*[b]	*Total*
Design contractual services	612.1	9 573.9	2 990.7	25 115.9	38 292.6
Direct staff costs	1 611.1	1 720.9	1 525.3	2 497.0	7 354.3
Support costs	180.6	574.2	677.4	765.5	2 197.7
Operating and other costs	556.0	589.3	489.9	655.0	2 290.2
Programme management and consultants	245.7	2 378.5	892.7	10 123.5	13 640.4
Construction manager	—	—	—	2 000.0	2 000.0
Swing space cost	—	—	506.3	85 718.5	86 224.8
Total	**3 205.5**	**14 836.8**	**7 082.3**	**126 875.4**	**152 000.0**

[a] Actual.
[b] Projected.

2. Write-off of losses of cash, receivables and property

21. In line with financial regulation 6.4, the Administration informed the Board that no cash, receivables or non-expendable property pertaining to the capital master plan had been written off during the year ended 31 December 2005.

3. Ex gratia payments

22. The Administration informed the Board, in line with financial regulation 5.11, that no ex gratia payments had been charged against the capital master plan fund during the year ended 31 December 2005.

4. Programme management

Overall implementation of the project

23. Delays were incurred in the overall implementation of the project owing to the unavailability of the swing space building (UNDC-5) envisioned in the approved approach to swing space and phasing, which led to the Administration's decision to propose a new strategy which is still under consideration by the General Assembly. This is discussed below.

Swing space

24. The feasibility of the first approach to phasing and swing space was made possible by an offer of the City of New York of a swing space building to be known as UNDC-5. Construction of the building by the City of New York and New York State, however, was not possible at the cost or within the schedule initially estimated. The legislation needed to start the project had not been introduced in the New York State legislature and the federal legislation necessary to allow bonds for UNDC-5 to be exempt from federal taxation was not introduced in the United States Congress.

25. Based on the Secretary-General's conclusion that UNDC-5 was no longer a realistic option for the foreseeable future (A/60/550 and Corr.1-2, para. 6 (a)), alternatives for swing space were explored and were incorporated in the strategic options examined by the Secretary-General for implementing the project (see ibid., paras. 8-12).

Technical preparations

26. In a progress report submitted to the General Assembly in 2004 (A/59/441), the Secretary-General informed the Assembly that, while it had been originally anticipated that the design development phase would be completed in 2004 and the construction documents phase by the end of 2005, the procurement and contracting process had taken longer than expected and, as a result, the design development phase was projected to be completed in 2005, with construction documents completed in 2006.

27. As mentioned in the Board's previous report,[4] the completion date for design development, previously set at September 2005, was extended to December 2005 and the development of construction documents was expected to be completed by late 2006 or early 2007. This extension was due to the programme management firm's recommendation that the development of drawings and specifications commence only after scope confirmation, technical studies, guidelines and space programming had been largely completed, rather than running in parallel.

28. The Administration informed the Board that the professional firms for the three major capital master plan design contracts (contracts B, C and D, shown in table 5 below) had submitted their final design development documents as at 31 December 2005. Those submissions were based on the first approach, that is, with UNDC-5 as the swing space which did not subsequently materialize. Necessitated by the unavailability of UNDC-5, contracts for the design development

[4] Ibid., para. 34.

were amended to accommodate the additional works required and the corresponding additional costs shown in table 3.

Table 3
Summary of additional works and costs for design development

Professional firm	*Amendment number and date*	*Cost (in United States dollars)*	*Justification*
W	2 12 September 2005	84 569.20	For the design of the central systems and major distribution systems so that the project could be built in multiple phases if necessary
W	3 6 January 2006	100 000.00	For additional cost analysis and programme management work to find alternative swing space
X	7 31 January 2006	40 820.50	For additional work on design development
Y	1 25 October 2005	403 224.00	For the design of the central systems and major distribution so that the project could be built in multiple phases, if necessary
Z	6 28 October 2005	367 900.00	To develop a phasing study for the design of the central systems and major distribution so that the project could be built in multiple phases, if necessary
Total		**996 513.70**	

29. The additional cost of $0.997 million represents a 13.3 per cent increase over the original cost of $7.5 million.

Strategic options

30. The four strategic options examined by the Secretary-General for the implementation of the capital master plan are summarized in table 4 below.

Table 4
Proposals for the implementation of the capital master plan

Strategy	*Cost estimate (millions of United States dollars)*	*Projected*	
		Start date	*Completion date*
Strategy I, one phase, full scope	1 552.8	2007	Last quarter of 2011
Strategy II, one phase, reduced scope	1 200.0	2007	Last quarter of 2011
Strategy III, new office building, phasing General Assembly/conference buildings, deferring renovation of the Secretariat building	1 584.5	2007	Early 2013
Strategy IV, phased approach	1 587.8	2007	Early 2014

31. The four strategies assumed that key decisions, including approval of a project strategy, project scope and associated budget and approval of a required appropriation for 2006 consistent with the approved strategy would be made by the General Assembly during the main part of its sixtieth session in 2005. Also, all

schedules and costs presented were based on the assumption that the strategy and cost estimates would be approved by December 2005. The Administration had recommended strategy IV.

32. The Board is concerned that the longer the General Assembly takes to decide on the strategy for implementation of the capital master plan, the greater the risk of increased cost. The Board recalls that the Secretary-General has stated that the cost of the plan would escalate at the rate of $35 million to $40 million per year in the event of delay (A/57/285 and Corr.1, para. 67). The original cost was estimated at $964 million in 2000. This was revised to $1.087 billion in 2002 and to $1.6 billion in 2005. Given this rate of increase, coupled with the continued deferment of the refurbishment of United Nations Headquarters, the risk exists of abandoning the project altogether on account of costs becoming prohibitive. Some of the pre-construction costs incurred would become irrelevant and possibly fruitless. The Board is also concerned that further deterioration of the building will be a challenge to the safety of its occupants and visitors alike, not to mention the high cost of maintaining a building in such a high state of disrepair.

33. The Administration informed the Board that delays in starting the construction documents phase may result in the loss of key design personnel and the incurrence of re-mobilization costs, which are not quantifiable at the present time and have not been included in the cost estimates.

34. The Administration further informed the Board that, on 20 April 2006, the Fifth Committee of the General Assembly had adopted a draft resolution providing the necessary funding for 2006. In this connection, the Department of Public Information published on 24 April 2006 a press release (GA/AB/3730) stating that the Fifth Committee had recommended that the General Assembly appropriate $23.5 million for financing the design and pre-construction phases, including swing space requirements for relocating staff for the time of the refurbishing, through an assessment on Member States on the basis of the regular budget scale of assessments for the current year. For the 2006-2007 biennium, the Secretary-General would be authorized to enter into commitments of up to $77 million to provide for the construction, fit-out and related requirements of a conference swing space building on the North Lawn of the Headquarters complex, and for the leasing, design, pre-construction services and related requirements of library and office swing space.

Funding

35. The Secretary-General stated in his third annual progress report (A/60/550 and Corr.1-2) that no decision had been taken by the General Assembly at its fifty-ninth session on the loan offered by the host country. The financing options considered in the report included assessments on Member States which may be one-time or multi-year, an internationally syndicated letter of credit or a bond capital issue. As mentioned by the Secretary-General in May 2005, the cash payment option, based on a one-time assessment or multi-year special assessments, would be the simplest and cheapest approach for meeting the costs of the capital master plan (A/59/441/Add.1, para. 12). The General Assembly has not yet decided on the matter.

36. **The Board recommends that the Administration strongly urge the General Assembly to consider and decide on the renovation strategy to be adopted and the financing scheme for the implementation of the capital master plan.**

37. In relation to financing matters, the Board has recommended that the Secretary-General consider, in the future, establishing the planned advisory board to advise him on financial matters in respect of the capital master plan.[5] The Secretary-General has initiated the process of establishing the board and meetings have been held with potential candidates for the position of chairman, but all have declined to serve owing to reasons mentioned in the Board's report. The Board recognizes the efforts made by the Administration, although the advisory board has yet to be established.

38. **The Board recommends that the Secretary-General pursue the establishment of the advisory board to advise him on matters in respect of the capital master plan.**

Contract implementation

Amendments to existing contracts on design development

39. The Board's review of amendments to existing contracts on design development disclosed some ambiguous clauses and non-conformity with items 15.1 (1) and 13.6.3 (3) p. ii of the United Nations Procurement Manual. Contrary to item 15.1 (1) of the Manual, the name of the contractor and the date on which the contract was signed by the contractor were not indicated in some of the contract amendments. Also, some of the covenant clauses neither state the maximum amount the United Nations is obligated to pay nor indicate what has been agreed upon by the parties under the amended contract. The Board is concerned that such deficiencies might lead to disputes arising from possibly varying interpretations as regards the dates on which the amendment or agreement should take effect and on the extent of liability in case of breach of contract committed by either party.

40. **The Board recommends that the Administration ensure that amendments to contracts are in line with items 15.1 (1) and 13.6.3 (3) p. ii of the United Nations Procurement Manual.**

Contract deliverables

41. There were delays with regard to delivery of contract deliverables by both the professional firms and the programme management firm.

42. The professional firms for the design development phase were required to submit such design development deliverables and submittals as drawings, outline specifications, three dimensional sketches and final material selections for the approved scope, alternatives and option. Their original schedules for submission of deliverables were indicated in the request for proposals, which formed part of the contract. These schedules were updated by the programme management firm, based on its coordination of works with the professional firms. The design development schedules prepared by the programme management firm contained specific activities and the corresponding scheduled start and completion dates. Review of such

[5] Ibid., para. 40.

schedules disclosed that deadlines were constantly revised. Despite such revisions, the design development submittals were still delivered beyond the extended schedule, as shown in table 5.

Table 5
Schedule of submissions of architectural and engineering designs

Contract	*Original date*	*Amendments*			*Actual date of submission*
	22 December 2004	*22 February 2005*	*29 June 2005*	*31 December 2005*	
B Architectural and engineering design for infrastructure, basement, garage, North Lawn and United Nations Institute for Training and Research building	8 November 2005	18 November 2005	26 January 2006	20 January 2006	8 March 2006
C Architectural and engineering design for General Assembly and Conference buildings	28 October 2005	27 October 2005	7 December 2005	20 January 2006	28 February 2006
D Architectural and engineering design for Secretariat and South Annex building	7 October 2005	12 September 2005	18 November 2005	20 December 2005	28 February 2006
E Architectural and engineering for Dag Hammarskjöld Library building	7 October 2005	23 September 2005	27 June 2006	23 May 2006	On hold pending United Nations direction
F Design and consulting services	11 November 2005	15 December 2005	Date varies from one contract to another	Date varies from one contract to another	60 per cent of designs submitted on 12 December 2005, with United Nations comments provided on 20 January 2006

43. In the case of the programme management firm, one of its deliverables is the minutes of meetings conducted with the capital master plan team on a weekly basis. The minutes are to be submitted to the capital master plan team within three business days of the meeting. Of the 14 meetings conducted, corresponding minutes for nine meetings were submitted beyond the three-business day requirement. Overall, delays ranged from one to seven days.

44. The above-mentioned professional firms, including the programme management firm, are prospective contractors for the remaining phases of the capital master plan. The Board is concerned that their submission of future deliverables might follow the same pattern, to the detriment of the project.

45. **The Board recommends that the Administration, in coordination with the programme management firm, strengthen the monitoring of submission of deliverables by the contracted firms.**

46. The summary of meetings and the memorandum dated 15 February 2005 from the programme management firm addressed to the office of the capital master plan stated that, following the ninth meeting on 21 January 2005, the capital master plan team and the programme management firm agreed that the frequency of the weekly reporting meeting should be reduced, and the meetings held every two weeks. In addition, of the 21 weekly and bi-weekly meetings scheduled for 2005, 7 were cancelled, with no indication for 5 of them of the reasons for cancellation.

47. The Board is concerned that holding bi-weekly instead of weekly meetings and that the cancellation of such meetings might have adversely affected the deliverables under the contract. Moreover, this might have resulted in less time for the concerned parties to address the progress of work, compliance with schedules, architectural and engineering designs and other related issues that require immediate resolution by the capital master plan team.

48. **The Board recommends that the Administration review the propriety of the decision by the United Nations to reduce the frequency of meetings with the programme management firm and assess the impact of the cancellation of some meetings.**

5. Cases of fraud and presumptive fraud

49. The Administration informed the Board that there were no cases of fraud or presumptive fraud during the year ended 31 December 2005.

C. Acknowledgement

50. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General, the Under-Secretary-General for Management, the Officer-in-Charge of the capital master plan project and the members of their staff.

(*Signed*) Guillermo N. **Carague**
Chairman, Commission on Audit, Republic of the Philippines
Chairman, United Nations Board of Auditors
(Lead Auditor)

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

28 July 2006

Note: Mr. Séguin has signed the English and French versions of the report; the other members of the Board have signed only the original English version.

Annex

Status of implementation of recommendations for the year ended 31 December 2004[a]

Topic	*Year first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Relevant paragraphs in the present report*
Programme management						
Design development and construction documents phases	2003		Para. 37		1	Paras. 40, 45 and 48
Procurement and contracting						
Establishment of advisory board	2004		Para. 40		1	Para. 38
Total					**2**	
Percentage					**100**	

[a] See *Official Records of the General Assembly, Sixtieth Session, Supplement No. 5* (A/60/5), vol. I.

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